

**Goodar Township
Ogemaw County, Michigan
Financial Report
With Supplemental Information
March 31, 2008**

Goodar Township

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Robert J. Carpenter, CPA
Rodney C. Robertson, CPA

ROBERTSON & CARPENTER CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 308 • 109 E. Tenth St. • Mio, Michigan 48647

Phone (989) 826-5442 • Fax (989) 826-3038

Other office: Rose City, Michigan

INDEPENDENT AUDITOR'S REPORT

Township Board
Goodar Township
Ogemaw County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Goodar Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Goodar Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Goodar Township as of March 31, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on page 2 through page 7 and pages 22-23 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Goodar Township's basic financial statements. The accompanying pages of other supplemental information, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Robertson & Carpenter CPAs, P.C.
Certified Public Accountants
September 23, 2008

Management's Discussion and Analysis

As management of Goodar Township (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2008.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$264,438 (*net assets*). Of this amount, \$64,873 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations
- The Township's total net assets increased by \$20,789.
- As of the close of the current fiscal year, the Township's general fund, reported an ending fund balance of \$70,254, an increase of \$21,851 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$70,254 or 83% percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements consist of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements. The *Government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the Government-wide financial statements present functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include general government, public safety, public works, and culture and recreation. The Township does not have any business-type activities as of and for the year ended March 31, 2008.

The Government-wide financial statements can be found on pages 8-9 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains two governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General and Fire Funds.

The Township adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements or schedules have been provided for the governmental funds herein to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 10-11 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are *not* reflected in the Government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 12-13 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-21 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded its liabilities by \$264,438 at the close of the most recent fiscal year.

A portion of the Township's net assets (68%) reflects its investment in capital assets (e.g., land, land improvements, buildings, and equipment); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to the community; consequently, these assets are *not* available for future spending.

Township's Net Assets

Governmental Activities

	March 31, 2008	March 31, 2007
Assets		
Current and Other Assets	\$ 85,274	\$ 54,739
Capital Assets, Net	<u>219,607</u>	<u>239,353</u>
Total Assets	<u>304,881</u>	<u>294,092</u>
Liabilities		
Current Liabilities	119	86
Long Term Liabilities	<u>40,324</u>	<u>50,357</u>
Total Liabilities	<u>40,443</u>	<u>50,443</u>
Net Assets		
Invested in Capital Assets	179,283	188,996
Unrestricted	<u>85,155</u>	<u>54,653</u>
Total Net Assets	\$ <u>264,438</u>	\$ <u>243,649</u>

The Township's net assets increased by \$20,789 during the current fiscal year. Unrestricted net assets—the part of net assets that can be used to finance day to day operations, increased by \$30,502 or 56%, during fiscal year 2008.

Township's Changes in Net Assets

Governmental Activities

	March 31, 2008	March 31, 2007
Revenue		
Program Revenue		
Charges for Services	\$ 21,489	\$ 17,751
Operating Grants and Contributions	8,619	12,679
General Revenue:		
Property Taxes	74,807	70,774
State-Shared Revenues	38,698	33,989
Interest and Rent Earnings	3,223	1,958
Other	9,973	10,092
Total Revenue	156,809	147,243
Expenses		
General Government	73,348	84,516
Public Safety	46,430	48,186
Public Works	13,016	12,395
Culture and Recreation	333	286
Interest on Long Term Debt	2,893	3,421
Total Expenses	136,020	148,804
Increase (Decrease) in Net Assets	20,789	(1,561)
Net Assets, Beginning of Year	243,649	245,210
Net Assets, End of Year	\$ 264,438	\$ 243,649

Governmental activities. The Township's total governmental revenues increased by \$9,566 from last fiscal year. This was primarily attributed to increased property taxes and state shared revenues. Expenses decreased by \$12,784. The decrease was primarily due to decreased general government and public safety expenses.

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$118,220, an increase of \$30,502 in comparison with the prior year. The *undesignated fund balance*, which is available for spending at the Township's discretion, constitutes 100% of this total amount or \$118,220.

The primary governmental fund is the General Fund of the Township. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 83% and total fund balance represents 83% of total general fund expenditures.

The fund balance of the General Fund increased by \$21,851 during the current fiscal year.

The Fire Fund levied .9652 mills of property tax for fire protection and .4902 mills of property tax for the purchase of fire equipment for the year ending March 31, 2008. The property tax generated \$24,499 of revenue for fire protection and \$12,440 of revenue for the purchase of fire equipment.

Governmental Funds Budgetary Highlights

The Township's budgets are prepared in accordance with Michigan Law. The budgeted funds are the General and Fire Funds. Each of the budgeted funds was amended during the year.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of March 31, 2008, amounted to \$219,607 (net of accumulated depreciation). Investment in capital assets includes land, land improvements, buildings, and equipment. Additions totaled \$1,875 for the fiscal year.

Township's Capital Assets (net of depreciation)

	March 31, 2008	March 31, 2007
Land	\$ 12,488	\$ 12,488
Land Improvements	20,460	20,108
Buildings	51,893	55,115
Equipment	1,670	2,449
Equipment - Fire Department	133,096	149,193
Total	\$ 219,607	\$ 239,353

Additional information on the Township's capital assets can be found in note 5 on page 19 of this report.

Long Term Debt

Long term debt consists of two items as of March 31, 2008: (1) Installment loan for the purchase of a fire tanker truck – balance due \$38,572 – final payment due December 20, 2011, (2) Installment loan for the purchase and installation of a new furnace – balance due \$1,752 – final payment due June 30, 2008. The total both loans is \$40,324.

Factors Bearing on the Township's Future

The following factors were considered in preparing the Township's budget for the 2008-2009 fiscal year:

- The Township is anticipating a slight increase in property tax revenue in both the General Fund and the Fire Fund. Expenses in both funds are expected to be approximately the same as the prior year. Our budgets were prepared with these factors in mind and will need to be revised as needed.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Goodar Township
6473 County Line Road
South Branch, Michigan 48761

Basic Financial Statements

Goodar Township
Statement of Net Assets
March 31, 2008

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents (Note 3)	\$ 37,558
Receivables: (Note 4)	
Other	687
Intergovernmental	12,787
Due from Fiduciary Fund	34,242
Capital assets-net (Note 5)	<u>219,607</u>
 Total assets	 <u>304,881</u>
 Liabilities	
Current Liabilities:	
Accounts payable	119
Noncurrent liabilities (Note 9):	
Due within one year	10,588
Due in more than one year	<u>29,736</u>
 Total liabilities	 <u>40,443</u>
 Net Assets	
Invested in capital assets, net of related debt	179,283
Unrestricted	<u>85,155</u>
 Total net assets	 \$ <u><u>264,438</u></u>

See accompanying notes to financial statements.

Goodar Township
Statement of Activities
Year Ended March 31, 2008

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities				
General government	\$ 73,348	\$ 6,227	\$ 8,619	\$ (58,502)
Public safety	46,430	9,785	-	(36,645)
Public works	13,016	5,477	-	(7,539)
Culture and recreation	333	-	-	(333)
Interest on long term debt	2,893	-	-	(2,893)
Total governmental activities	<u>\$ 136,020</u>	<u>\$ 21,489</u>	<u>\$ 8,619</u>	<u>(105,912)</u>
General Revenues:				
Property taxes - operating				37,868
Property taxes - fire				36,939
State-shared revenues				38,698
Interest and investment earnings				3,223
Other				9,973
Total general revenues				<u>126,701</u>
Change in Net Assets				<u>20,789</u>
Net assets - beginning of year				<u>243,649</u>
Net assets - end of year				<u>\$ 264,438</u>

Amounts reported for governmental activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ 30,502
Government funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation.	
Depreciation expense	\$ (21,621)
Capital outlay	<u>1,875</u>
	(19,746)
Repayments of installment loan payable principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long term debt)	<u>10,033</u>
Change in Net Assets of Governmental Activities	<u>\$ 20,789</u>

See accompanying notes to financial statements.

Goodar Township
Governmental Funds
Balance Sheet
March 31, 2008

	General Fund	Fire Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 22,657	\$ 14,901	\$ 37,558
Accounts receivable	687	-	687
Property taxes receivable	-	-	-
Due from other funds	34,242	36,939	71,181
Due from other governmental units	12,787	-	12,787
Total assets	<u>\$ 70,373</u>	<u>\$ 51,840</u>	<u>\$ 122,213</u>
Liabilities			
Accounts payable	\$ 119	\$ -	\$ 119
Due to other funds	-	3,874	3,874
Due to other governments	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>119</u>	<u>3,874</u>	<u>3,993</u>
Fund balances			
Unreserved:			
Undesignated:			
General Fund	70,254	-	70,254
Fire Fund	-	47,966	47,966
Total fund balances	<u>70,254</u>	<u>47,966</u>	<u>118,220</u>
Total liabilities and fund balances	<u>\$ 70,373</u>	<u>\$ 51,840</u>	<u>\$ 122,213</u>

**Amounts reported for governmental activities
in the statement of net assets are different because:**

Fund Balances - Total Governmental Funds	\$ 118,220
Elimination of due to and due from governmental funds	
Due to	3,874
Due from	(36,939)
Capital assets used in governmental activities are not financial financial resources, and are not reported in the funds.	
The cost of capital assets is	438,728
Accumulated depreciation is	(219,121)
Long term liabilities are not due and payable in the current period and are not reported in the governmental funds	
Installment loans	(40,324)
Net Assets of Governmental Activities	<u>\$ 264,438</u>

See accompanying notes to financial statements.

Goodar Township
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended March 31, 2008

	General Fund	Fire Fund	Total Governmental Funds
Revenues			
Taxes and fees	\$ 37,868	\$ 36,939	\$ 74,807
Federal grants	8,619	-	8,619
State grants	38,698	-	38,698
Charges for services	11,404	9,785	21,189
Interest and rentals	2,700	823	3,523
Other revenue	7,442	2,531	9,973
Total revenues	<u>106,731</u>	<u>50,078</u>	<u>156,809</u>
Expenditures			
Current:			
General government	67,824	-	67,824
Public safety	-	30,333	30,333
Public works	13,016	-	13,016
Culture and recreation	333	-	333
Capital outlay	1,875	-	1,875
Debt service	1,832	11,094	12,926
Total expenditures	<u>84,880</u>	<u>41,427</u>	<u>126,307</u>
Excess of Revenues Over (Under)			
Expenditures	21,851	8,651	30,502
Fund balance - April 1, 2007	<u>48,403</u>	<u>39,315</u>	<u>87,718</u>
Fund balance - March 31, 2008	<u><u>\$ 70,254</u></u>	<u><u>\$ 47,966</u></u>	<u><u>\$ 118,220</u></u>

See accompanying notes to financial statements.

Goodar Township
Fiduciary Funds
Statement of Net Assets
March 31, 2008

	Trust Fund- Pension Fund	Agency Fund Type (Property Tax Collection Fund)
Assets		
Cash	\$ -	\$ 67,307
Investments - at fair value	14,117	-
Due from other funds	-	-
	<u>-</u>	<u>-</u>
Total assets	\$ <u>14,117</u>	\$ <u>67,307</u>
Liabilities		
Accounts payable	\$ -	\$ -
Due to other funds	-	67,307
Due to other governments	-	-
Due to individuals	-	-
	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	\$ <u>67,307</u>
Net Assets - Held in Trust for Pension Benefits	\$ <u>14,117</u>	

See accompanying notes to financial statements.

Goodar Township
Fiduciary Fund
Statement of Changes in Net Assets
Year Ended March 31, 2008

	Trust Fund- Pension Fund
Additions	
Contributions	
Employer	\$ 523
Employee	344
Investment earnings	<u>464</u>
Total Additions	1,331
 Deductions	
Administrative expenses	180
Benefits	<u>-</u>
Total deductions	<u>180</u>
 Net increase	1,151
 Net Assets Held in Trust for Pension Benefits	
Beginning of the year	<u>12,966</u>
End of the year	\$ <u><u>14,117</u></u>

See accompanying notes to financial statements.

Goodar Township
Notes to Financial Statements
March 31, 2008

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Goodar Township ("the Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the more significant policies used by the Township:

Reporting Entity

The Township is governed by an elected five member Township Board. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate, component units of the Township. Based on the application criteria, the Township does not contain any component units.

Government-wide and Fund Financial Statements

The Government-side financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities. The Township does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a certain function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Goodar Township
Notes to Financial Statements
March 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, state-shared revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when the cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

The Fire Fund is used to record property tax revenue, Federal and State grants restricted for providing fire protection services and purchasing fire equipment.

Additionally, the Township reports the following funds:

The Tax Collection Fund accounts for property taxes collected and disbursed to other taxing authorities by the Township as required by law.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers for goods, services or privileges provided and (2) operating grants and contributions. General revenue includes all taxes.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Goodar Township
Notes to Financial Statements
March 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between fund that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The taxpayers of the Township have their properties assessed as of December 31 and the related property taxes are levied and become a lien on December 1 for 100% of the taxes which are due February 28. The 2007 taxable value of the Township was \$25,386,280. The 2007 tax levy was 1.1577 mills for general operations raising \$29,381 for general operating purposes, .9652 mills for fire protection raising \$24,499 for fire protection purposes and .4902 for purchase of fire equipment raising \$12,440 for that purpose.

Capital Assets - Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g., amounts paid to the Road Commission for the intangible right to use the roads), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation. Infrastructure assets acquired prior to implementation of GASB 34 are not included in the financial statements.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Infrastructure	20 years
Land Improvements	20 years
Buildings and additions	20-50 years
Equipment	5-20 years

Compensated Absences - There is no liability for compensated absences reported in the government-wide financial statements since no township employees are provided with sick or vacation pay benefits.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriating or are legally restricted by outside parties for use for a specific purpose. The Township did not have a reserved fund balance at March 31, 2008. Designations of fund balance represent tentative management plans that are subject to change. The Township did not have a designated fund balance at March 31, 2008.

Goodar Township
Notes to Financial Statements
March 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Comparative Data/Reclassifications - Comparative data is not included in the Township's financial statements.

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted account principles and state laws for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township adopt its budgets by April 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits Townships to amend its budget during the year.

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until the receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year end and outstanding encumbrances are reappropriated in the next year.

Note 2 - Stewardship, Compliance and Accountability

Excess of expenditures over appropriations in budgeted funds:

The Township incurred expenditures in excess of amounts budgeted as follows:

<u>Fund and Function</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
General:			
General Government:			
Township Board	\$ 15,550	\$ 15,770	\$ 220
Township Hall	8,350	9,594	1,244
Debt Service	-	1,832	1,832
Fire:			
Fire Department	29,864	30,333	469
Debt Service	-	11,094	11,094

Goodar Township
Notes to Financial Statements
March 31, 2008

Note 3 - Deposits and Investments

Michigan Compiled Laws, Section 129.91 authorizes the Township to make deposits and investments in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Township is also allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in accordance with State statutory authority as listed above.

Goodar Township's deposits and investment policy are in accordance with statutory authority.

At year-end, Goodar Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Township Total
Cash and cash equivalents	\$ 37,558	\$ 67,307	\$ 104,865
Investments	-	-	-
Total	\$ <u>37,558</u>	\$ <u>67,307</u>	\$ <u>104,865</u>

The cash and cash equivalents include petty cash of \$200.

The breakdown between deposits and investments for the Township is as follows:

Deposits (checking and savings)	\$ 104,665
Investments	-
Total	\$ <u>104,665</u>

The deposits of the Township were reflected in the accounts of two financial institutions, of which \$84,038 is covered by federal depository insurance.

Goodar Township
Notes to Financial Statements
March 31, 2008

Note 4 - Receivables

Receivables as of year-end for the Township's major funds, non-major funds and fiduciary funds in the aggregate, including applicable allowances of uncollectible accounts, are as follows:

	General Fund	Fire Fund	Tax Coll. Fund	Total
Receivables:				
Other	\$ 687	\$ -	\$ -	\$ 687
Property taxes	-	-	-	-
Intergovernmental	12,787	-	-	12,787
	<u>\$ 13,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,474</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the Township did not have any deferred revenue.

Note 5 - Capital Assets

Capital assets activity of the Township's Governmental activities were as follows:

	Balance April 1, 2007	Additions	Deletions	Balance March 31, 2008
Capital assets not being depreciated:				
Land	\$ 12,488	\$ -	\$ -	\$ 12,488
Capital assets being depreciated:				
Land improvements	27,978	1,875	-	29,853
Buildings	114,263	-	-	114,263
Equipment	7,250	-	-	7,250
Equipment - fire department	274,874	-	-	274,874
Subtotal	<u>424,365</u>	<u>1,875</u>	<u>-</u>	<u>426,240</u>
Accumulated Depreciation				
Land improvements	7,870	1,523	-	9,393
Buildings	59,148	3,222	-	62,370
Equipment	4,801	779	-	5,580
Equipment - fire department	125,681	16,097	-	141,778
Subtotal	<u>197,500</u>	<u>21,621</u>	<u>-</u>	<u>219,121</u>
Net capital assets being depreciated	<u>226,865</u>	<u>(19,746)</u>	<u>-</u>	<u>207,119</u>
Governmental Activities				
Total Capital Assets net of Depreciation	<u>\$ 239,353</u>	<u>\$ (19,746)</u>	<u>\$ -</u>	<u>\$ 219,607</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 5,524
Public safety	16,097
Total governmental activities	<u>\$ 21,621</u>

Goodar Township
Notes to Financial Statements
March 31, 2008

Note 6 - Receivables, Payables and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>		<u>Amount</u>
General Fund	\$ 30,368	Fiduciary Fund	\$	67,307
Fire Fund	36,939			
Total	\$ <u>67,307</u>	Total	\$	<u>67,307</u>
<u>Transfers In</u>	None	<u>Transfers Out</u>	None	

Note 7 - Risk Management

Goodar Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent insurance companies. Settled claims from these risks have not exceeded insurance coverage for the last three years.

Note 8 - Pension Plan

Goodar Township provides pension benefits for the Township Board through a defined contribution plan. The plan is administered by Municipal Retirement Systems Inc. which invests the Township's contributions with Travelers Insurance Company. The investments consist of individual retirement annuities and totaled \$14,117 as of March 31, 2008.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account.

The plan requires the Township to contribute 5.0% of the participant's earnings and requires the participant to contribute a matching 5.0%. The Township's contributions for each participant are fully vested when paid to the plan. A participant that leaves the employment of the Township is entitled to the balance in his individual annuity account.

The Township's total payroll for the year ended March 31, 2008 was approximately \$33,015. The payroll of the eligible participants was \$6,860; the Township made the required contribution of \$343. The administrative fee of \$180 was paid in addition to the required contribution.

No pension provision changes occurred during the year affected the required contributions to be made by the Township.

The plan held no securities of the Township or other related parties during the year or as of the close of the fiscal year.

Goodar Township
Notes to Financial Statements
March 31, 2008

Note 9 - Long Term Debt

The general obligation long term debt consists of the following items:

<u>DESCRIPTION</u>	<u>PURPOSE</u>		<u>INTEREST RATE</u>	<u>BALANCE DUE 3/31/08</u>
Installment loan payable to Old National Bank Leasing	Purchase of fire tanker truck	Original amount - \$82,231 Annual payments (10) \$11,094 of principal and interest commencing December 20, 2002 and concluding December 20, 2011	5.85%	\$ 38,572
Installment loan payable to Independent Bank	Purchase and installation of new furnace	Original amount - \$6,600 Annual payments (4) \$1,832 of principal and interest commencing June 30, 2005 and concluding June 30, 2008	4.25%	1,752
				\$ <u>40,324</u>

Changes in long term debt during the year ended March 31, 2008 are a follows:

Installment loans payable - April 1, 2007	\$ 50,357
New borrowing	-
Principal paid	(10,033)
Installment loans payable - March 31, 2008	\$ <u>40,324</u>

Total payments due in future years are shown below:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
March 31, 2009	\$ 10,588	\$ 2,331	\$ 12,919
March 31, 2010	9,354	1,740	11,094
March 31, 2011	9,901	1,192	11,093
March 31, 2012	10,481	513	10,994
Totals	\$ <u>40,324</u>	\$ <u>5,776</u>	\$ <u>46,100</u>

Required Supplemental Information

Goodar Township
 Budgetary Comparison Schedule - General Fund
 Year Ended March 31, 2008

	Budgeted Amounts		Actual	Variance with
	3/31/08	3/31/08	Amounts	Final Budget
	Original	Final	Budgetary	Over (Under)
			Basis	
Fund Balance - Beginning of year	\$ 44,600	\$ 44,600	\$ 48,403	\$ 3,803
Resources (Inflows)				
Taxes and fees	34,957	34,957	37,868	2,911
Federal grants	-	-	8,619	8,619
State grants	37,917	37,917	38,698	781
Charges for services	10,300	10,300	11,404	1,104
Interest and rentals	1,100	1,100	2,700	1,600
Other	1,400	1,400	7,442	6,042
Amounts available for appropriation	<u>130,274</u>	<u>130,274</u>	<u>155,134</u>	<u>24,860</u>
Charges to Appropriations (Outflows)				
General government	70,435	67,835	67,824	(11)
Public works	12,050	13,150	13,016	(134)
Culture and recreation	450	450	333	(117)
Capital outlay	5,000	5,000	1,875	(3,125)
Debt service	-	-	1,832	1,832
Total charges to appropriations	<u>87,935</u>	<u>86,435</u>	<u>84,880</u>	<u>(1,555)</u>
Fund Balance - end of year	\$ <u>42,339</u>	\$ <u>43,839</u>	\$ <u>70,254</u>	\$ <u>26,415</u>

Goodar Township
Budgetary Comparison Schedule - Fire Fund
Year Ended March 31, 2008

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>3/31/08</u>	<u>3/31/08</u>	Amounts	Final Budget
	<u>Original</u>	<u>Final</u>	Budgetary	Over (Under)
Fund Balance - Beginning of year	\$ 34,500	\$ 34,500	\$ 39,315	\$ 4,815
Resources (Inflows)				
Taxes and fees	35,148	35,148	36,939	1,791
Federal grants	-	-	-	-
State grants	-	-	-	-
Charges for services	12,500	12,500	9,785	(2,715)
Interest and rentals	150	150	823	673
Other	6,500	6,500	2,531	(3,969)
Amounts available for appropriation	<u>88,798</u>	<u>88,798</u>	<u>89,393</u>	<u>595</u>
Charges to Appropriations (Outflows)				
Public safety	29,864	29,864	30,333	469
Capital outlay	12,000	12,000	-	(12,000)
Debt service	-	-	11,094	11,094
Total charges to appropriations	<u>41,864</u>	<u>41,864</u>	<u>41,427</u>	<u>(437)</u>
Fund Balance - end of year	\$ <u>46,934</u>	\$ <u>46,934</u>	\$ <u>47,966</u>	\$ <u>1,032</u>

Supplemental Information

Goodar Township
General Fund
Detail of Revenues - Budget and Actual
Year Ended March 31, 2008

	Budget as Amended	Actual	Variance Favorable (Unfavorable)
TAXES:			
Property taxes	\$	\$ 29,350	\$
Property tax administration fee		8,518	
TOTAL TAXES	34,957	37,868	2,911
FEDERAL GRANTS:			
Payments in lieu	-	8,619	8,619
STATE GRANTS:			
State shared revenue		33,710	
Metro Act		1,863	
Payments in lieu		2,674	
Swamp tax		451	
TOTAL STATE GRANTS	37,917	38,698	781
CHARGES FOR SERVICES:			
Burials		3,600	
Summer tax collection		2,127	
Transfer site fees		5,477	
Cemetery lots		200	
TOTAL CHARGES FOR SERVICES	10,300	11,404	1,104
INTEREST AND RENTALS:			
Interest		2,400	
Hall rent		300	
TOTAL INTEREST AND RENTALS	1,100	2,700	1,600
OTHER REVENUE			
Miscellaneous	1,400	7,442	6,042
TOTAL REVENUES	\$ 85,674	\$ 106,731	\$ 21,057

Goodar Township
General Fund
Detail of Expenditures - Budget and Actual
Year Ended March 31, 2008

	Budget as Amended	Actual	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT:			
Township Board:			
Trustees salaries		\$ 2,530	
Memberships & dues		458	
Printing & publishing		79	
Travel		305	
Legal & accounting		275	
Miscellaneous		191	
Insurance		6,428	
Retirement expense		523	
Payroll taxes		1,852	
Education		210	
Supplies		428	
Services		2,491	
		<u> </u>	<u> </u>
Total	\$ 15,550	15,770	\$ (220)
	<u> </u>	<u> </u>	<u> </u>
Supervisor:			
Salary		5,670	
Telephone		7	
Education		-	
Travel		1,142	
Miscellaneous		3	
		<u> </u>	<u> </u>
Total	6,825	6,822	3
	<u> </u>	<u> </u>	<u> </u>
Elections:			
Wages		925	
Postage		15	
Travel		23	
Miscellaneous		17	
		<u> </u>	<u> </u>
Total	990	980	10
	<u> </u>	<u> </u>	<u> </u>
Assessor:			
Contracted services		6,556	
Postage		39	
Miscellaneous		-	
		<u> </u>	<u> </u>
Total	6,597	6,595	2
	<u> </u>	<u> </u>	<u> </u>

Goodar Township
General Fund
Detail of Expenditures - Budget and Actual
Year Ended March 31, 2008

	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL GOVERNMENT (Continued)			
Clerk:			
Salary - clerk		\$ 5,670	
Salary - deputy clerk		1,000	
Wages - clerk school elections		500	
Office supplies		506	
Postage		93	
Contracted services		1,088	
Education		-	
Travel		867	
Miscellaneous		130	
Total	\$ 9,857	9,854	\$ 3
Board of Review:			
Wages		790	
Education		210	
Printing, publishing & supplies		214	
Travel		72	
Total	1,575	1,286	289
Treasurer:			
Salary - treasurer		5,670	
Salary - deputy treasurer		1,000	
Salary - summer tax collection		2,128	
Office supplies		62	
Postage		94	
Contracted services		479	
Education		210	
Travel		1,449	
Miscellaneous		-	
Total	11,102	11,092	10
Township Hall:			
Custodian wages		675	
Supplies		1,393	
Plowing & mowing		660	
Electricity		1,914	
Heating		3,818	
Maintenance - building		750	
Maintenance - equipment		29	
Miscellaneous		355	
Total	8,350	9,594	(1,244)

Goodar Township
General Fund
Detail of Expenditures - Budget and Actual
Year Ended March 31, 2008

	Budget as Amended	Actual	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT (Continued)			
Cemetery:			
Wages - sexton		\$ 1,100	
Wages - burials		2,522	
Plowing & mowing		1,325	
Miscellaneous		884	
Total	\$ 6,989	5,831	\$ 1,158
TOTAL GENERAL GOVERNMENT	67,835	67,824	11
PUBLIC WORKS:			
Roads	3,000	3,000	-
Street Lighting	1,400	1,305	95
Sanitation:			
Wages		2,660	
Contracted services		4,477	
Plowing & mowing		410	
Maintenance		250	
Lease		900	
Miscellaneous		14	
Total Sanitation	8,750	8,711	39
TOTAL PUBLIC WORKS	13,150	13,016	134
RECREATION AND CULTURE:			
Library:			
Wages		225	
Travel		108	
TOTAL RECREATION & CULTURE	450	333	117
CAPITAL OUTLAY	5,000	1,875	3,125
DEBT SERVICE			
Principal		1,684	
Interest		148	
TOTAL DEBT SERVICE	-	1,832	(1,832)
TOTAL EXPENDITURES	\$ 86,435	\$ 84,880	\$ 3,387

Goodar Township
Fire Fund
Statement of Revenues and Other Financing Sources, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property Tax	\$ 35,148	\$ 36,939	\$ 1,791
Federal Grants	-	-	-
State Grants	-	-	-
Charges for services	12,500	9,785	(2,715)
Interest	150	823	673
Other revenue	<u>6,500</u>	<u>2,531</u>	<u>(3,969)</u>
 Total Revenues	 <u>54,298</u>	 <u>50,078</u>	 <u>(4,220)</u>
EXPENDITURES			
Public Safety			
Fire Department	<u>29,864</u>	<u>30,333</u>	<u>(469)</u>
 Capital Outlay	 <u>12,000</u>	 <u>-</u>	 <u>12,000</u>
 Debt Service			
Principal	-	8,349	-
Interest	-	2,745	-
Total Debt Service	<u>-</u>	<u>11,094</u>	<u>(11,094)</u>
 Total Expenditures	 <u>41,864</u>	 <u>41,427</u>	 <u>437</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 12,434	 8,651	 (3,783)
 FUND BALANCE - April 1	 <u>34,500</u>	 <u>39,315</u>	 <u>4,815</u>
 FUND BALANCE - March 31	 <u>\$ 46,934</u>	 <u>\$ 47,966</u>	 <u>\$ 1,032</u>

Goodar Township
Statement of Changes in Assets and Liabilities
All Agency Funds
March 31, 2008

Current Tax Collection Fund				
	Balance April 1, 2007	Additions	Deductions	Balance March 31, 2008
Assets				
Cash	\$ <u>62,693</u>	\$ <u>803,820</u>	\$ <u>799,206</u>	\$ <u>67,307</u>
Liabilities				
Due to other funds	\$ 62,693	\$ 80,637	\$ 76,023	\$ 67,307
Due to county	-	326,445	326,445	-
Due to schools	-	387,561	387,561	-
Due to library	-	6,220	6,220	-
Refunds	<u>-</u>	<u>2,957</u>	<u>2,957</u>	<u>-</u>
Total liabilities	\$ <u>62,693</u>	\$ <u>803,820</u>	\$ <u>799,206</u>	\$ <u>67,307</u>



Robert J. Carpenter, CPA
Rodney C. Robertson, CPA

ROBERTSON & CARPENTER CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 308 • 109 E. Tenth St. • Mio, Michigan 48647

Phone (989) 826-5442 • Fax (989) 826-3038

Other office: Rose City, Michigan

September 23, 2008

Township Board
Goodar Township
Ogemaw County, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Goodar Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Goodar Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the a governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the following deficiency to be a significant deficiency in internal control.

Lack of adequate controls to produce full-disclosure GAAP basis financial statements.

Requirement: All Michigan governmental units are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the Township's management. The preparation of financial statements

in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data, and (2) reporting government-wide and fund financial statements, including the related footnotes.

Condition: The Township, as is common with smaller and medium-sized entities, has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered part of the government's internal controls.

Cause: This condition was caused by the Township's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Township to perform this task internally.

Effect: The result of this condition is that the Township lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

View of responsible officials: The Township has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Township to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

This communication is intended solely for the information and use of management, the Township Board, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Robertson & Carpenter CPA's, P.C.
Certified Public Accountants
Mio, Michigan